



DIRECTORATE OF
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South Vietnam: President Thieu continues to demonstrate some nervousness over coup possibilities.

Although Thieu probably feels that in the current rash of rumors there is no immediate threat to his position, he is, nevertheless, concerned lest persistent low-level intrigue have a corrosive effect on his government.

The President, for example, has recently shifted Marine units out of Saigon and replaced them with Rangers. The Marines are commanded by an officer responsive to Vice President Ky and the shift coincided with early September coup rumors which subsequently proved unfounded.

Although Thieu's confidence, built up over months of gradually consolidating his position, may be shaken by some of the maneuvering going on around him, he probably believes that this kind of remedial action will allow him to keep the upper hand.

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In the ground war the Communists continued to exert military pressure in key areas. Sporadic fighting took place just south of the Demilitarized Zone and west of the provincial capital of Quang Ngai on 18-19 September. In III Corps and the delta, Communist activity was confined to shellings. [REDACTED]

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Czechoslovakia-USSR: The leadership changes announced in Prague are another partial step toward satisfying Soviet demands for "normalization," but are also designed not to jeopardize popular allegiance to the regime.

Former deputy premier Sik's reassignment as an economic adviser in the Czechoslovak Embassy in Belgrade was followed yesterday by the resignation of Foreign Minister Jiri Hajek and the temporary assumption of his duties by Premier Cernik.

Three pro-Soviet officials were also involved in the shifts. Internal Trade Minister Pavlovsky and the chief of the National Communications Board have been ousted from their posts. Former presidium member Drahomir Kolder was exiled to a new embassy job in Sofia.

There have been recurrent reports that Dubcek will be replaced by Slovak party chief Husak, although the latter's receptivity to Soviet overtures is as yet unclear. In recent speeches, nevertheless, Husak has been implicitly critical of the Dubcek leadership for its failure to control "antisocialist forces" prior to the intervention.

Dubcek is still to lead a high-level Czechoslovak delegation to Moscow within a few days--possibly next week--reportedly to explain Prague's responses to Soviet demands. Western correspondents have reported that he will be accompanied by President Svoboda, Premier Cernik, Husak, presidium member Spacek, and possibly others. Czechoslovak fears concerning the meeting are giving rise to rumors that it will be a showdown, with the Soviets insisting on the ouster of Dubcek and National Assembly President Smrkovsky, as well as strict Czechoslovak adherence in the future to the Russian interpretation of the Moscow agreement. President Svoboda allegedly will

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tell the Soviets that if some Czechoslovak leaders must quit, the entire Dubcek team, including Svoboda, will resign.

A hard-line Pravda article yesterday suggested that the Soviets intend to adopt an uncompromising attitude during talks with the beleaguered Czechoslovak leaders. The article argues forcefully for strengthening both discipline within the party and the party's position as the guiding force within the state. It also repudiates a variety of economic, cultural and political reforms, in effect calling for abandonment of an earlier pledge not to interfere in Czechoslovak domestic affairs. [REDACTED]

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USSR-Berlin: In an extension of its propaganda attacks on West Germany, Moscow has reaffirmed specifically its objection to any expansion of West Germany's role in West Berlin.

Izvestia yesterday raised the Berlin question in a front-page article. Like Pravda the day before, Izvestia insisted that the USSR has the legal right under international agreements to act "in case of the renewal of a policy of aggression" by West Germany. It said that these rights apply "in equal measure" to West German actions affecting West Berlin.

In the face of West German activities scheduled for the city this fall, Moscow restated its longstanding assertion that West Berlin "had not, does not, and will not belong to West Germany." Bonn has scheduled a "work week" of Bundestag committee meetings in West Berlin late in October, and the Christian Democratic Union plans to hold its federal party convention there early in November. The Berlin element of the National Democratic Party, the "neo-Nazi" group especially odious to the Communists, plans to hold its first party congress in West Berlin on 19-20 October.

Moscow's expression of increasing alarm over West German intentions may be largely synthetic and a means of diverting attention from the Czechoslovak issue. It cannot be excluded, however, that the Soviets are leading up to an intensification of pressures on the West German position in Berlin.

Soviet diplomats have given assurances in the West that Moscow contemplated no moves against West Berlin in the wake of the invasion of Czechoslovakia. This does not preclude actions by East Germany, however. Pankow is circulating reports that some unspecified East German moves against the city are in the offing.

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The East Germans have also taken a step to dramatize Soviet support for their position on Berlin. The East German news agency yesterday reported a meeting between Ulbricht and the Soviet ambassador. It said that the two discussed questions concerning the "evident intensification" of Bonn's "revanchist and militarist course" and its "illegal presumptions," a reference to Bonn's ties with West Berlin. [REDACTED]

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Poland: The regime is continuing to facilitate emigration of Polish Jews, in line with party leader Gomulka's offer last year to permit such departures.

The monthly total of exit permits to Israel granted Jews by the Polish Government has been steadily rising

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[REDACTED] the regime issued about 500 exit permits in both May and June

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Many Jews who already had visas and exit permits apparently have hastened their departure as a result of the invasion of Czechoslovakia. According to Jewish relief agencies in Vienna, 342 Polish Jews have arrived there since 1 September, which they characterize as a "sharp rise" compared with a similar preinvasion period.

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The regime's relatively liberal policy probably is designed in part to counter its anti-Semitic image, especially since the purge of Jews from the party and state apparatus earlier this year. Although the anti-Semitic campaign is no longer as flagrantly obvious in public media, anti-Semitic pressures and sporadic dismissals of Jews continue. In addition, there are signs that even those Jews who do not fear for their jobs believe that long-range prospects for Polish Jewry are bleak, and are taking the opportunity to emigrate now.

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Rumania-Turkey: Bucharest will assist the Turks in constructing a petroleum refinery and petrochemical plants.

Rumania offered last fall to provide a credit to finance an oil refinery, but the amount involved was not specified. Bucharest has expressed an interest in undertaking petroleum exploration, but thus far has only supplied a heavy drilling rig.

According to the press, Rumania also has extended a credit to finance the construction of a dam and hydroelectric power station, and additional aid may be forthcoming. The Rumanian minister of petroleum, now visiting Ankara, stated his country could help Turkey build bauxite and aluminum production facilities, presumably in exchange for bauxite and alumina to meet Bucharest's needs. Rumanian geologists have been surveying deposits in southeast Turkey.

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France: Minister of Education Faure appears to have averted, at least temporarily, a revival of last May's student violence.

Attempts by extremist students to disrupt university examinations, which were postponed last spring, have failed to rally widespread student support, and the exams are taking place with only minor incidents. Faure seems to have won over most students by spelling out his precise plans for experimental schools and by making clear that he is determined to carry out more than nominal reforms despite opposition from within the cabinet and the Gaullist party. Faure's willingness to engage in dialogue with radical as well as moderate student leaders has also eased the situation.

Many government officials are still edgy about what will happen when classes are fully resumed in October, however. While Faure attempts to win over students through reform, Minister of Interior Marcellin is working to avert disorder through a harsh crackdown on student dissenters. Radical student leaders are being drafted [REDACTED]

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[REDACTED] Moreover, police reserves have been expanded and riot squads retrained to enable them to move in quickly on demonstrators.

Some observers fear that these methods will eventually lead to a new explosion. The charge of "police brutality" was the rallying cry of the students during the May crisis, and police-student clashes touched off the massive protest movement at that time. [REDACTED]

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[Mexico]: The army occupation of the National University is bound to have serious repercussions and in all likelihood will intensify the student-government conflict.

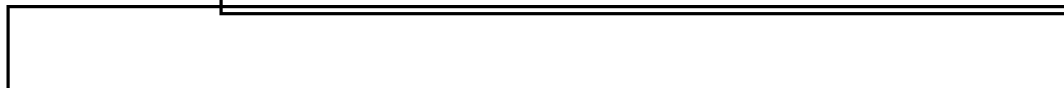
The government's unprecedented take-over of the autonomous and nationally symbolic university plainly shows the authorities' intolerance for any further extension of student disturbances, but will probably lead to further disruption. Student outrage appears to be reflected in the entire academic community, and the extremist national strike council may have won increased support for its threat to continue pressing student demands. Even the university rector, a government appointee, has publicly criticized the army seizure as an excessive act and declared that youth problems require understanding rather than violence.




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All indications are that the students will not back off. 

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Large numbers of students reportedly intend to regroup away from the university. This and other expected student reactions, and the government's resolution to stop the movement, offer a strong possibility for violent confrontations. 

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Honduras: The government is trying to pressure union leaders into calling off the general strike that began yesterday.

Labor and government have been at odds since

[redacted] the 31 March municipal elections against opposition candidates. Since that time, union leaders have been using a low-key campaign to press for various economic and political reforms. The sudden general strike marks an abrupt change of tactics. The unpopularity of recent tax hikes on consumer goods may have convinced the union rank and file that they could count on general public support for a more militant position.

Minister of Economy Acosta Bonilla admits the government failed to explain the new taxes adequately but says the laws will be enforced "with the rifle, if necessary." A nationwide state of siege has been declared, and the army in the important north coast city of San Pedro Sula has been placed on full alert.

The hard-line counsel of such cabinet members as Zuniga and Acosta Bonilla points up the danger that President Lopez may overreact with harsh measures that would make martyrs of union leaders and further harden labor's position. As long as the military supports President Lopez, however, the strikers will have no more than limited success.

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India-USSR: The recently concluded Indo-Soviet ministerial-level talks apparently reaffirmed an intent to maintain close relations, despite recent Soviet actions which disturbed New Delhi.

During the talks, the Indians noted the pressure to which they have been subjected by widespread public and parliamentary opposition to the Soviet intervention in Czechoslovakia. In response the Indians received only the standard, rigid Soviet line.

According to an Indian Foreign Ministry official, the Indians argued against the Soviet decision to sell arms to Pakistan, but were assured by the USSR that closer Soviet-Pakistani relations would not be detrimental to Soviet relations with India. The Indians were again informally assured that India had nothing to worry about regarding the type and quality of Soviet arms for Pakistan.

The Soviets stated their intent to avoid involvement in the Ganges water dispute and said a solution should be worked out bilaterally between Indian and Pakistan. India has feared Moscow favored mediation that could be prejudicial to India. With regard to Kashmir, the Soviets also expressed preference for a bilateral settlement rather than UN involvement, but failed to give any assurances that the Soviets' pro-India position at the UN would remain unchanged.

Another round of bilateral talks of this same general nature--similar to those recently held between India and the US--is tentatively scheduled for next summer in Moscow.

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India: Partial defiance of the strict ban on yesterday's government employees' strike resulted in violence but failed to halt government operations.

Fragmentary reports indicate that, although most of the some three million civil servants probably refrained from active participation in the strike, many lower level employees defied the harsh sanctions. Arrests so far number 4,000, including prominent strike leaders. Violent incidents resulted in hundreds wounded and a number of deaths. The state-owned railroads apparently operated almost on schedule in most areas, except near Calcutta and in the northeast.

The strike was calculated to dramatize demands for a "need-based" minimum-wage scale, a full offset cost-of-living allowance, and a revised scale of retirement pay. Government employees have been particularly hard hit by a continuing rise in prices because there has been no general revision of their wages since 1959.

The government consistently has taken a hard line toward the demands of its employees. When negotiations with strike leaders broke down last week, a controversial ordinance was issued prohibiting strikes in essential services--transportation, communications, and "any service in connection with affairs of the union." In addition, ministry directives threatened immediate suspension and loss of seniority privileges to all strikers. Police and army reserves were also placed on standby alert, and plans were made to protect government facilities and nonstrikers.

Unrest is not confined to the ranks of central government employees. Several state governments have been plagued by similar strikes, and troublesome labor-management problems still beset industrial areas. An eight-week strike recently closed the major English-language newspapers. Moreover, a strike by dock workers scheduled for 24 September threatens to cripple the major ports.

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Israel-Jordan: Yesterday's terrorist ambush of an Israeli patrol on the west bank of the Jordan River in which six Israelis including a lieutenant colonel were killed brings closer a major Israeli retaliatory strike. The Israelis have been relatively restrained in their response to recent incidents, holding this almost to a tit-for-tat basis. In recent days, however, Western observers have taken note of a growing Israeli mood of concern over their border confrontations. They suspect that the Israelis may be building a case for some more drastic preemptive action. [REDACTED]

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Malaysia-Philippines: Kuala Lumpur has reacted to a Philippine note regarding a law on territorial waters by announcing that it will withdraw its diplomatic staff from Manila. The note failed to affirm that Manila respects Malaysian sovereignty over Sabah. Kuala Lumpur also indicated that it could no longer cooperate with Manila in antismuggling activities, and requested the withdrawal of Filipino customs officials stationed in Sabah. The developments followed President Marcos' signature on 18 September of a bill referring to Philippine "dominion and sovereignty" over Sabah. [REDACTED]

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Bolivia: Army troops entered the university in Cochabamba on 17 September, reportedly arresting 28 persons and removing a cache of arms and ammunition. The army's action was strongly denounced by the university rector who charged that the troops found no arms but did wreck and "sack" the school premises. Tensions have remained high among Bolivian students since the violent disorders of August, and this move will provide them with the additional issue of government violation of university autonomy. [REDACTED]

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Guinea: The World Bank's extension of a \$64.5-million loan to Guinea on 18 September is a personal triumph for President Toure. The loan is to cover the foreign exchange costs of constructing ancillary facilities needed to exploit high-grade bauxite deposits at Boke. Psychologically, the project should also alleviate some of the internal discontent resulting from Guinea's economic stagnation, although the official expectation that it will be a panacea for all economic woes is unrealistic. Projected hard-currency earnings from the development will probably fall far short of covering Guinea's expected \$25-million annual balance-of-payments deficit over the next few years. Guinean leaders are still unwilling to undertake fundamental economic reforms.

[REDACTED]

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 19 September 1968 approved the following national intelligence estimate:

NIE 11-4-68, "Main Issues in Soviet Military Policy" [REDACTED]

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